

UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY

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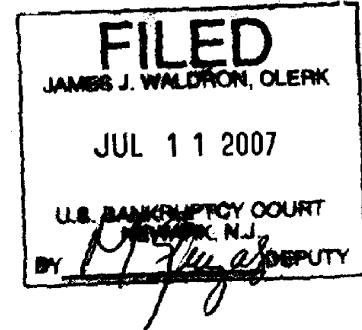
New York, New York 10153

Co-Counsel to the Debtors and Building Materials Corporation of America

In re:

G-I HOLDINGS INC., et al.,

Debtors.



In Proceedings for Reorganization Under Chapter 11

Hon. Rosemary Gambardella, U.S.B.J.

Case Nos. 01-30135 (RG) and 01-38790 (RG)
(Jointly Administered)

STIPULATION AND CONSENT ORDER REGARDING MOTIONS OF G-I HOLDINGS INC. FOR ORDERS PURSUANT TO BANKRUPTCY RULE 9019(A) APPROVING SETTLEMENTS WITH KWELM, BERMUDA FIRE & MARINE INSURANCE COMPANY LIMITED, AND BRYANSTON INSURANCE COMPANY AND MOTION OF G-I HOLDINGS INC. PURSUANT TO BANKRUPTCY RULE 9019(A) AND BANKRUPTCY CODE § 363 FOR AN ORDER APPROVING SETTLEMENT AGREEMENT AND AUTHORIZING THE SALE OF INSURANCE POLICIES FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND OTHER ENCUMBRANCES

The relief set forth on the following pages, numbered two (2) through six (6), is hereby **ORDERED**.

7-11-07

USBJ

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WHEREAS, the following motions were filed with the Court by Riker, Danzig, Scherer, Hyland & Perretti LLP and Weil, Gotshal & Manges LLP, co-counsel to the debtors and debtors-in-possession herein, G-I Holdings Inc. ("G-I") and ACI, Inc. ("ACI" and together with G-I, the "Debtors"): (i) Motion of G-I Holdings Inc. for an Order Pursuant to Bankruptcy Rule 9019(a) Approving Settlement with KWELM and the Bermuda Fire & Marine Insurance Company Limited in Liquidation, filed September 6, 2006 (the "KWELM Motion"); (ii) Motion of G-I Holdings Inc. for an Order Pursuant to Bankruptcy Rule 9019(a) Approving Settlement with Bryanston Insurance Company Limited in Liquidation, filed September 6, 2006 (the "Bryanston Motion"); and (iii) Motion of G-I Holdings Inc. Pursuant to Bankruptcy Rule 9019 and Bankruptcy Code § 363 for an Order Approving Settlement Agreement and Authorizing the Sale of Insurance Policies Free and Clear of Liens, Claims, Interests and Other Encumbrances, filed October 11, 2006 (the "Hartford Motion" and, together with the KWELM Motion and the Bryanston Motion, the "9019 Motions"); and

WHEREAS, the Official Committee of Asbestos Claimants (the "Committee") and the Legal Representative of Present and Future Holders of Asbestos-Related Demands (the "Legal Representative") requested information related to the 9019 Motions; and

WHEREAS, on September 20, 2006, the Committee entered into a Confidentiality Agreement Regarding Environmental Insurance Settlement Information (the "Committee Confidentiality Agreement"); and

WHEREAS, on September 28, 2006, the Legal Representative entered into a Confidentiality Agreement Regarding Environmental Insurance Settlement Information (the

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“Legal Representative Confidentiality Agreement,” and together with the “Committee Confidentiality Agreement,” the “Confidentiality Agreements”); and

WHEREAS, on September 28, 2006, and on various subsequent dates, G-I provided the Committee and the Legal Representative with documents that G-I designated confidential related to the 9019 Motions pursuant to the Confidentiality Agreements; and

WHEREAS, on November 29, 2006, and December 6, 2006, G-I met with the Committee and the Legal Representative and discussed the 9019 Motions and the documents G-I produced pursuant to the Confidentiality Agreements; and

WHEREAS, on December 7, 2006, G-I filed certain documents that it designated as confidential and thereafter provided to the Committee and the Legal Representative pursuant to the Confidentiality Agreements under seal with the Court pursuant to the authority granted by the Order Pursuant to 11 U.S.C. § 107(b) and Fed. R. Bankr. P. 9018 Authorizing G-I Holdings Inc. to File Documents Under Seal, entered October 2, 2006, and the Order Pursuant to 11 U.S.C. § 107(b) and Fed. R. Bankr. P. 9018 Authorizing G-I Holdings Inc. to File Documents Under Seal – Hartford Settlement, entered October 31, 2006; and

WHEREAS, on March 5, 2007, G-I, its parent company, G Holdings, Inc., the Committee and the Legal Representative (collectively, the “Parties”) participated in a mediation; and

WHEREAS, following the mediation, the Parties outlined the principal terms of a potential global settlement of their outstanding disputes in these chapter 11 cases and agreed to

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endeavor to complete the global settlement with comprehensive documentation in the form of a proposed chapter 11 plan and its ancillary documents; and

WHEREAS, during the remaining negotiations and pending final documentation of a global settlement, the Parties agreed to a stay of litigation pending before the Court and other courts to avoid the incurrence of additional expenses on litigation that would be eliminated if the global settlement is effectuated; and

WHEREAS, on March 22, 2007, the Court entered the Order Staying Certain Contested Matters and Adversary Proceedings, recognizing the Parties' potential global settlement and staying certain contested matters and adversary proceedings (the "Consensual Stay"); and

WHEREAS, after review and consideration of the 9019 Motions and the documents produced by G-I pursuant to the Confidentiality Agreements, the Committee and the Legal Representative determined that there is no basis to object to the reasonableness of the 9019 Motions, other than potentially with respect to the allocation of proceeds from the 9019 Motions among G-I, International Specialty Products Inc. ("ISP") and Building Materials Corporation of America ("BMCA"); and

WHEREAS, in view of the potential global settlement among the Parties, G-I, the Committee and the Legal Representative agreed that it was preferable to proceed with the 9019 Motions, and preserve any potential claim of the Committee or the Legal Representative as to allocation of the proceeds pending confirmation of a consensual plan of reorganization incorporating the global settlement terms.

IT IS hereby STIPULATED, ORDERED and DIRECTED as follows:

STIPULATION AND CONSENT ORDER REGARDING MOTIONS OF G-I HOLDINGS INC. FOR ORDERS PURSUANT TO BANKRUPTCY RULE 9019(A) APPROVING SETTLEMENTS WITH KWELM, BERMUDA FIRE & MARINE INSURANCE COMPANY LIMITED, AND BRYANSTON INSURANCE COMPANY AND MOTION OF G-I HOLDINGS INC. PURSUANT TO BANKRUPTCY RULE 9019(A) AND BANKRUPTCY CODE § 363 FOR AN ORDER APPROVING SETTLEMENT AGREEMENT AND AUTHORIZING THE SALE OF INSURANCE POLICIES FREE AND CLEAR OF LIENS, CLAIMS, INTERESTS AND OTHER ENCUMBRANCES

1. The Committee and the Legal Representative shall not object to and shall support the entry of orders approving the 9019 Motions.

2. Notwithstanding the above or the entry of orders approving the 9019 Motions, if the Consensual Stay is terminated prior to confirmation of a consensual plan of reorganization incorporating the global settlement terms, then the Committee's and the Legal Representative's rights and claims to the appropriate allocation of proceeds with respect to the 9019 Motions among G-I, ISP and BMCA are reserved. In that event, the Committee and the Legal Representative may assert these rights by motion in the bankruptcy court. G-I, ISP and BMCA hereby consent to jurisdiction for such a motion and waive any defenses based upon standing, statute of limitations and laches arising after the date of this Stipulation.

3. If a consensual plan of reorganization incorporating the global settlement terms is confirmed, then, on the Effective Date of that plan of reorganization, the Committee and the Legal Representative shall forfeit the rights and claims preserved herein to challenge the allocation of proceeds from the 9019 Motions among G-I, ISP and BMCA.

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4. G-I's counsel be, and hereby is, DIRECTED to serve a true copy of this Order upon the Core Service List, the 2002(g) Service List, and counsel for the insurers related to the 9019 Motions within seven (7) days after its receipt of an entered copy of this Order.

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Co-Counsel to the Debtors and Building
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LOWENSTEIN SANDLER, PC
Co-Counsel to the Official Committee of
Asbestos Claimants

By: /s/ Dennis J. O'Grady
Dennis J. O'Grady (DO 7430)

By: /s/ Michael D. Lichtenstein
Michael D. Lichtenstein (ML 15979)

Dated: July 6, 2007

Dated: July 10, 2007

SAIBER SCHLESINGER SATZ &
GOLDSTEIN, LLC
Co-Counsel the Legal Representative of
Present and Future Holders of Asbestos-
Related Demands

INTERNATIONAL SPECIALTY
PRODUCTS INC.

By: /s/ Gregory J. Ruffing
Gregory J. Ruffing
Assistant Secretary

By: /s/ Nancy A. Washington
Nancy A. Washington (NW 4350)

Dated: July 10, 2007

Dated: July 6, 2007

-and-

KEATING MUETHING & KLEKAMP PLL
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